

CIA shuts down Honolulu office

By Walter Wright

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The Central Intelligence Agency has shut down its Honolulu Federal Building office, saying it was not receiving enough good information through it to justify the cost.

Cathy Pherson, spokeswoman for the CIA, said the decision to close the office had no connection with the case of Ronald Rewald, a Honolulu businessman who claims his relationship with the agency was the reason for the collapse of his company two years ago.

But others familiar with both the Rewald case and CIA operations suggest that the publicity surrounding Rewald probably dried up the flow of legitimate information to the Honolulu office and stimulated many contacts by cranks and "nuts."

Rewald, who faces 98 counts of fraud, perjury, tax evasion and securities violations in a case set for trial Aug. 5, let the CIA use his firm as a "commercial cover" — a mailing address and telephone number — for some CIA personnel. He claims the CIA created and operated the firm and caused its collapse, a charge the CIA denies.

Persons interested in contacting the CIA from Honolulu are being referred to the agency's San Francisco or Los Angeles offices and, where appropriate, to a personnel office in South El Monte, Calif.

The decision to close the

Honolulu office was "a resource management problem, or solution," Pherson said. "We have offices in (some) United States cities for the purpose of talking to U.S. citizens who might have information of intelligence value to offer," she said.

Such offices are "overt," public to the extent that they have a listed telephone number. Addresses are not normally published.

The Honolulu office had been located since at least 1960 in a penthouse of the Dillingham Transportation Building on Bishop Street, but on June 1, 1977, moved into the new Federal Building.

As early as 1954, the CIA was active in Honolulu with a 16-month program opening mail from China and other countries.

Whether a city has an office "depends on what the volume" of information available there is, Pherson said. Port cities and financial centers often have such CIA offices, which sometimes are also used to coordinate recruiting efforts.

"It's quite a chore when you're talking about making people available for U.S. citizens who want to volunteer information," Pherson said. "Our main focus is to get information overseas."

Another official, who asked not to be identified, said analysis of traffic at the Honolulu office apparently showed it was not worth the time and money to maintain it.

"For example, the agency is interested in information about foreign financial activity, and there's better information about that from Mainland financial centers than there is in Honolulu," the official said.

But one former head of the office, John Kindschi, said in a brief interview yesterday that "you don't have to throw darts at a dart board to figure out that there was an awful lot out there" of interest to the CIA.

At the same time, Kindschi said, he was not really surprised by a decision to close the office, coming in the wake of the Rewald case.

Another official who requested anonymity said that even though Honolulu has not become the financial hub of the Pacific some have envisioned, it still offers intelligence opportunities because of the number of persons who travel through the state, the number of recent immigrants here and the number of persons here with relatives and personal and business contacts in foreign countries.

It was through the overt CIA office here that Rewald initiated his contact with the CIA in Hawaii shortly after his arrival in 1977.

He says he earlier worked for the CIA in Wisconsin in the 1960s, spying on college students in the CIA's apparent effort to determine if student political movements had foreign support.

In Hawaii, Rewald worked

initially with Eugene Welch, then with Welch's successor, Kindschi, and finally with a third "station chief," Jack Rardin.

Rewald also knew Rick Watkins, Welch's predecessor, and Watkins wife, both CIA employees. Watkins was preceded by a Michael Todorovich as head of the office.

Kindschi and Rardin both wrote checks to pay telephone bills for at least one cover company operated through Rewald's firm, and both Kindschi and Rardin eventually deposited personal funds in investment accounts at Rewald's firm.

Kindschi joined Rewald's firm when he retired; Rardin was shipped off to Florida after the Rewald scandal broke; his successor, never publicly identified, has since left.

In addition, Rewald dealt with other CIA personnel, including a C.L. Richardson, who also operated from San Francisco, Los Angeles and Washington, D.C., addresses.

Richardson and a number of other CIA employees around the world also made personal investments with Rewald's company, Bishop Baldwin Rewald Dillingham & Wong.

The CIA maintains liaison, analysis and communications personnel at or near most major military commands and is believed to have such personnel in Hawaii, although not associated with the overt CIA office.



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